

News Release

10 March 2009

Sales process for National Grid's Dynevor Arms LNG storage facility concludes

- **National Grid no longer planning sale because of insufficient interest from the market**
- **National Grid proposes closure at end of April 2009**
- **Dynevor Arms "is no longer significant to the local system and is just too small to have a national role"**
- **Facility's very small capacity dwarfed by new storage and importation terminals opening this year**

The sales process for National Grid's Dynevor Arms Liquefied Natural Gas storage terminal in South Wales, announced on 4 November 2008, has concluded without any bidder willing to put sufficient value on the facility. National Grid now proposes to close Dynevor Arms at the end of April 2009, the conclusion of the current storage year.

Dynevor Arms stores a very small amount of gas, **26mcm**, making up only 0.6% of Britain's storage. This compares to:

- **370mcm** for the new Aldbrough storage facility, now in the final stages of commissioning
- **660mcm** (when regassified from LNG) for the tanks at the two Milford Haven importation terminals commissioning later this year
- **3,300mcm** for Rough, Britain's largest storage facility

There have been major changes to the gas network in recent times. The Dynevor Arms facility was once at the extremity of the gas transmission network, but this has

changed with the construction of the South Hook and Dragon LNG terminals and the commissioning of the Milford Haven pipeline.

Dynevor Arms is the smallest of four facilities, nearly half the size of the next largest, making up National Grid's LNG Storage business (not to be confused with the LNG importation terminal at the Isle of Grain) which provides small levels of storage capacity but allows the rapid delivery of gas to the network. The four sites together contributed £12m to National Grid's operating profit last financial year, less than 0.5%.

Following a review of the LNG Storage business, and confirmation that National Grid would no longer need to keep Operating Margins gas (used to maintain pressures in the transmission system during incidents such as unexpected changes in demand, offshore supply failures or faults on the onshore network) in storage in South Wales because of the changes to the local system, the company had taken the decision to offer the site for sale and continue operating the other three (Avonmouth near Bristol, Glenmavis near Glasgow and Partington near Manchester).

Peter Boreham, National Grid's Director of LNG, said:

"Dynevor Arms has lost its niche in the storage market – it is no longer significant to the local system and is just too small to have a national role. It had an important function when South Wales was at the end of a very long pipe bringing gas from the North Sea, but not now it's at the front end of the pipe which will bring in gas from the two new LNG importation terminals at Milford Haven.

"Our strategic review in 2008 established that Dynevor Arms no longer fits our business model and the subsequent sales process has revealed that the wider market does not value the facility either. We see little option but closure. This very small amount of storage capacity will be more than made up for by new storage opening this year.

"We are fully committed to all 23 employees at the facility and we will offer everyone alternative jobs elsewhere in the company."

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Notes to Editors:

National Grid is an international electricity and gas company and one of the largest investor-owned energy companies in the world. We play a vital role in delivering gas and electricity to millions of people across Great Britain and northeastern US in an efficient, reliable and safe manner. We believe the power of action can play a major role in safeguarding our global environment for future generations and tackling the effects of climate change, providing all our customers with the highest standards of service through network investment and through our talented, diverse workforce.

National Grid owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. It also owns and operates the high pressure gas transmission system in Britain and its distribution business delivers gas to 11 million homes and businesses.

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